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For further information about this booklet contact Charles Hobbs, editor, News Division, Office of Public Affairs, Room 406-A, U.S Department of Agriculture, Washington, D.C. 20250 or call (202) 720-4026.

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# Statement

by  
**Dr. H. Russell Cross**  
**Administrator, Food Safety and Inspection Service**  
**U.S. Department of Agriculture**  
**before the House Appropriations Subcommittee on Agriculture,**  
**Rural Development, Food and Drug Administration, and Related Agencies.**

March 17, 1993

Mr. Chairman and Members of the Subcommittee, I am pleased to have this opportunity to discuss the programs and issues of the Food Safety and Inspection Service.

I would like to begin with a brief overview of what our Agency does. FSIS carries out its inspection responsibilities under the authority of the Federal Meat Inspection Act (FMIA) and the Poultry Products Inspection Act (PPIA). It is the mission of FSIS to ensure that meat and poultry products are safe, wholesome, and accurately labeled. These laws require us to inspect live animals just prior to slaughter and each carcass after slaughter, and maintain continuous inspection of the further processing of meat and poultry products.

Our inspectors examine meat and poultry plants in the United States to ensure safety. The Agency also oversees all Federal-State cooperative inspection programs.

Federal inspection activities are carried out through a network of five regional offices, 26 area offices, and 185 inspection circuits. The Agency currently employs approximately 7,400 food inspectors and veterinarians located throughout the United States. These inspectors ensure product safety in over 6,400 meat and poultry plants that are under federal inspection. This includes 378 slaughter plants, 4,557 processing plants, 1,044 plants that perform slaughter and processing operations, 150 import locations and 301 Talmadge-Aiken plants. During the past fiscal year, our field inspectors examined 127 million red meat animals, 6.9 billion birds and monitored the processing of 74 billion pounds of meat and poultry.

While the inspection of domestic meat and poultry is a priority, we also recognize the vital importance of inspecting imported products. To ensure the safety of imported meat and poultry, FSIS maintains a complex and comprehensive system of import controls to carry out the requirements of the Federal meat and poultry inspection laws.

The system of import controls involves two major activities. The first is oversight to ensure that exporting countries have inspection controls at least equal to those of the United States. Such countries must undergo a rigorous review process before they can become eligible to export meat and poultry to the United States, and periodic reviews to maintain such eligibility.

The second part of our import control program is the reinspection on a sample basis of meat and poultry products as they enter the United States.

Reinspection is a check to make sure that the foreign country's inspection system is working. This reinspection is carried out by approximately 75 import inspectors at 150 active import inspection locations. In 1992, approximately 2.5 billion pounds of imported meat and poultry were passed for entry into the United States.

Another part of our food safety program involves laboratory analysis, which provides scientific and technical support. One of the foremost functions of the program is ensuring that meat and poultry products are safe from disease, harmful chemicals, and toxins. Our inspectors in the field are provided support through laboratory testing for chemical and antibiotic residues, microbiological contamination, pathology diagnostics, processed product composition, and economic adulteration.

FSIS currently operates three multidisciplinary laboratories, supplemented by the use of two contract laboratories, and accredits approximately 200 private laboratories to carry out food safety tests. During Fiscal Year 1992, over 2.1 million analyses were performed on meat and poultry samples by Federally operated or contracted laboratories.

The Agency also performs rapid in-plant screening tests, which are another measure of safety. Results from these types of tests are available very quickly, thus assisting inspectors in making rapid food safety determinations about the product. These tests include the Sulfa-On-Site (SOS) test, used to detect the presence of unacceptable levels of the antibiotic sulfamethazine; the Swab

Test on Premises (STOP), used to detect the presence of various antibiotics; and the Calf Antibiotic Sulfa Test (CAST), used to detect the presence of antibiotics and sulfa drugs in veal calves. In Fiscal Year 1992, FSIS conducted 106,133 SOS tests, 117,858 STOP tests, and 79,666 CAST analyses.

We have also continued to monitor the effectiveness of the Fast Antimicrobial Screen Test (FAST) as compared to the STOP and CAST tests. The FAST test is able to detect both antibiotics and sulfonamide drug residues in the liver and kidneys and can provide test results in as little as 5 hours, compared with the overnight incubation required for the STOP and CAST tests. The test period for FAST ended in late January 1992. Preliminary reports indicate that the FAST test is at least as accurate as the STOP and CAST tests. From this information, we are formulating a plan we hope will allow us to begin using the FAST system by January of 1994.

In addition to its other activities, FSIS also conducts enforcement and compliance activities to ensure that products are safe, wholesome, and accurately labeled. FSIS investigates cases of administrative, civil, or criminal violation of meat and poultry regulations and works in conjunction with the USDA Office of General Counsel and the Department of Justice to correct violative problems and prosecute offenders, if necessary.

In Fiscal Year 1992, 57,000 compliance reviews were conducted. As a result of these reviews and other compliance activities, 85,602,191 pounds of meat and poultry were detained for noncompliance with meat and poultry laws. There were 38 recalls conducted involving over 5,124,611 pounds of product. In addition, 51 convictions were obtained against firms and individuals for violations of the meat and poultry laws.

## FSIS PRIORITIES

Mr. Chairman, I would now like to turn to the priorities of FSIS in the coming year, as well as detail some of our activities over the current fiscal year.

### Modernizing Inspection

The first area, which you've probably heard about, involves modernizing our meat and poultry inspection program. The past year was a year of assessment and planning at FSIS. During 1992, FSIS took a good, hard look at where we have been --all the way back to the inception of inspection. And we have positioned ourselves to make some tough decisions about where the Agency will go as we approach the 21st century. We must take FSIS from the organoleptic inspection system that has evolved since 1906 to a science and risk-based system.

Since early 1992, FSIS has been engaged in a comprehensive revision of its strategic plan. This is the first comprehensive revision since 1986. Last summer, FSIS published its revised planning principles in the Federal Register and invited public comment. Individual employees were also asked to comment.

Out of this process, FSIS received over 500 comments covering a range of general and specific ideas. As a result of this activity, FSIS is now developing draft strategic objectives and will again seek public comments before developing a final strategic plan.

Two developments altered the original assumptions about how to go about the strategic planning process. First, FSIS has recognized for a number of years that efforts to bring about substantial and fundamental changes in the inspection program have had little or no success. Consequently, FSIS has developed and Secretary Espy has approved a two-track approach to continue the planning of improvements.

The Track I process will involve proposed changes to the existing program that will make maximum use of our resources and knowledge within the confines of the current systems. The Track II process will generate creative ideas for the kind of regulatory and inspection program the country will need as it enters the next century. FSIS intends to proceed with its strategic planning on these separate, but parallel tracks.

The second development that altered our strategic planning approach was the E. coli outbreak in the State of Washington. Secretary Espy asked us to accelerate the program of change,

particularly as it related to the reduction of pathogens -- a major component of the current and any future inspection program.

Secretary Espy has recently endorsed an Agency Pathogen Reduction Program (PRP) to ensure that our pathogen reduction goals receive the attention and resources that they deserve. The plan includes elements of improvements in the current program (Track I) as well as elements that will most certainly lay the groundwork for the future (Track II).

### Maximizing the Performance of the Current Inspection System -- Track I

As I mentioned, Track I focuses on maximizing the performance of our current meat and poultry inspection system. We cannot simply plan for the future and disregard needed changes that we can make in our existing program. We must make it as strong as possible within our current constraints.

Our planning is currently centered around six elements. However, we expect that the strategic plan we develop in the coming months will be even broader.

The first element is public ownership. Public ownership means actively involving all our constituents -- consumers, the industry, scientists, and other government agencies, and our own workforce -- in an open, participatory decision-making process.

For instance, we are planning to seek out public comment on our strategic plans through regional hearings scheduled for this spring. These hearings are tentatively scheduled to begin in April in Washington, D.C. We will be actively seeking grass roots information and reactions.

A second way that FSIS will maximize the current program through Track I will be to ensure that Agency staff and structure are aligned so they can be fully utilized. Our current program is resource intensive. Eighty percent of our budget goes to pay for in-plant personnel, and we cannot keep up with industry growth unless we take other measures.

As we discuss staffing, I recognize there will be those that wish to debate whether or not we need the additional 160 inspectors that President Clinton has proposed be funded immediately in his Economic Stimulus package. With all the discussion that has recently focused on problems with pathogenic organisms, I am afraid that some are losing sight of the fact that our inspection personnel serve other valuable functions in the plant. They inspect animals before and after slaughter to detect disease and product deficiencies. They monitor the plant's quality control programs and inspect facilities and equipment for sanitation before operations can begin.

Furthermore, our inspectors examine carcasses for visible contamination, including fecal matter and ingesta which may carry bacteria. They also conduct on-site rapid testing for chemical residues and collect samples to send to the laboratory. Processing plant inspectors also check refrigeration and cooking temperatures and monitor such vital steps as thermal processing in order to prevent botulism in canned foods.

These additional 160 inspection positions would help to meet the current legal requirements for inspection coverage. We cannot just abruptly stop operating our current inspection system; our new program is not ready to be put in place and may not be for several years. We will, however, work to improve the current system and ensure it is functioning adequately while planning for a new inspection program of the future.

A third important component of Track I is Labor Relations. One of our first priorities in this area is to resolve questions about a Relations by Objectives activity with the inspectors' union. We have also established and will continue to support the efforts of a Trust-building Committee and an Internal Communications Committee. Additionally, we are eliciting more input from employees, at all levels, so that they are involved in major initiatives from the beginning.

We recognize that employees who are stationed in plants have practical knowledge of how our programs work or don't work. We are committed to the principles of Total Quality Management (TQM) and we will ensure all our employees are given the opportunity to participate in making decisions about changes to our inspection program now and in the future.

A fourth key element in Track I is our goal to reduce pathogens. We have already begun our nationwide study to determine the microbiological baseline of the nation's meat and poultry supply. These baseline studies will be the "yardstick" by which we assess progress in our "war on pathogens." These data will determine whether future prevention and inspection systems can reduce microbiological contamination.

Another feature of our goal to reduce pathogens is our encouragement to industry in the voluntary use of prevention systems. In 1992, FSIS took action in three areas as examples of this. We approved the use of irradiation of poultry; we moved to allow the use of Trisodium Phosphate in poultry processing operations; and we approved use of organic acid sprays on cattle and swine. If our baseline studies do not show sufficient progress in reducing pathogens, these voluntary systems may cease to be voluntary.

I will elaborate on future activities in this area when I discuss our Pathogen Reduction Program.

A fifth key component of Track I is Consumer Service. FSIS will intensify its health and education programs that positively influence food industry employee behavior to reduce foodborne illness. We need to expand our efforts to provide consumers with information on food handling practices. As one key tool, we are proposing to mandate safe-handling and cooking instructions on meat and poultry labels.

Science and Technology is the sixth element of our Track I program. We will make decisions based on science when it is available; however, this will not hamper our present efforts in developing effective methods to enhance our inspection service. We plan to incorporate all new scientific findings into our program to keep it on the cutting edge.

First, we will continue to prepare a list of research and development priorities and encourage research in those areas. We will work closely with our counterparts in the Animal and Plant Health Inspection Service, the Agricultural Research Service, the Food and Drug Administration, the Centers for Disease Control and other federal agencies to make certain we are on target and to coordinate the development of data on the relative risk of various pathogens.

Second, FSIS has accelerated its attention to the use of risk analysis in its decision making process. The National Academy of Sciences has repeatedly recommended that the Agency consider the risk of public health as a major objective in the design of new inspection systems.

To achieve this objective, we will use risk analysis, which includes risk assessment, management, and communication. I am appointing a team charged with identifying and quantifying risks through structured risk assessment. With help from our advisory committees and others, we will develop quantitative risk analysis models that will allow us to identify risks and provide the rationale for policy development and resource allocation. Detailed economic analyses will be an important element of our risk assessment.

Third, we will establish specific procedures for obtaining the advice of recognized experts on issues affecting the scientific and technical basis of our regulatory activities.

## The Regulatory Program for the Future -- Track II

In contrast to our evolutionary approach in Track I, we expect Track II to be revolutionary. If this proposal sounds vague, it's supposed to. It would be wrong for us to have too much of a preconceived notion about what this new regulatory program should be. Of course, we do have a few general principles in mind to guide us.

First, we know that any new system must be based on risk. Second, we know that this must be an open process and that it must encompass TQM principles. We must solicit ideas from within the Agency and from outside the Agency. And we must let the public know what we are thinking and why.

Third, we know that we cannot take forever to complete this process. The timetable must be realistic, but we can't wait 10 years, either. In order to develop this timetable, we will need to further explore how the project will be conducted.

Our objectives are clear. We must provide a vision of a public health risk-based inspection program that is not constrained by the configuration of the current program. We also must identify what would be needed to support implementation of a new system of inspection, including program mechanisms, necessary changes in the law and resources, including people and money. We plan to evaluate all elements of Track II to ensure the cost effectiveness of the strategy. Regulatory changes will be thoroughly reviewed to be sure that they pose the least possible burden on taxpayers. We also must identify what research and developmental work still needs to be done.

As a starting point, we will host, in October, the International Symposium on Meat Hygiene. This symposium will include food safety inspection experts from 25 countries around the world. We want to hear how other countries manage the elements of their inspection programs -- particularly those involving microbiological pathogens.

### Pathogen Reduction Program

Secretary Espy has approved this strategy and FSIS is taking immediate steps to strengthen public health protection by squarely facing the risks posed by microbial pathogens in the food supply. These actions will be coordinated in a program that will in effect be a "war on pathogens."

The control of pathogenic microorganisms is and always has been an implicit goal of the Federal meat and poultry inspection program. The program has worked to achieve this goal through such activities as continuous organoleptic inspection in slaughter-houses, the daily monitoring of operations in further processing plants, laboratory analyses and scientific research, and consumer education.

In recent years, FSIS has been laying the groundwork for a future inspection system that will be based on the most up-to-date scientific knowledge and methods; employ criteria derived from quantitative risk assessments and epidemiological and micro-biological surveys; focus on enhanced public health protection at critical points from the farm to the dinner table (HACCP); incorporate the latest rapid detection and screening methodologies; use animal identification and traceback methods to determine the sources of potential or actual infections.

An integral feature of the future inspection system will be a pathogen reduction program to reduce the likelihood that harmful microorganisms -- such as *Salmonella*, *Listeria monocytogenes*, or *E. coli* 0157:H7 -- will enter the food supply at key points in the production, distribution, and consumption chain. The plan the Agency is now proposing is based on HACCP principles and incorporates the essential elements of a pathogen reduction approach. This includes critical "pre-harvest" production activities, research on rapid detection methods, "post-harvest" research, in slaughter and processing plants, food service and retail activities, and even more aggressive consumer education than has been undertaken in the past.

Additional actions will include such innovations as pre-evisceration organic-acid carcass sprays and rapid in-plant detection methods for microbiological monitoring. Meat and poultry inspectors can and will eventually be equipped with microbiological swab kits or other tools to enhance the work they already perform to ensure that facilities and equipment are sanitary. Meanwhile, FSIS will carry out microbiological monitoring using existing methods.

In pursuing its new strategy, FSIS will be making a decisive break with the past. Under Secretary Espy's direction, the Department will not wait for the pathogens to become a problem. Nor will it be satisfied with holding the line against contamination. USDA will strive to reduce contamination at the source. This means the examination of on-the-farm practices and conditions. We propose to initiate an effort that will send USDA out into the fields among the herds and flocks to find the places where pathogens lodge so as to be better prepared to enumerate and eliminate them.

Thus, under the rubric of "pre-harvest production activities," FSIS, working with the Animal and Plant Health Inspection Service (APHIS) and other Government agencies, would carry out on-farm investigations and epidemiological studies of foodborne enteric pathogens. Although FSIS intends eventually to deal with all serious pathogens through detection and eradication, it is beginning this effort --appropriately -- with a study of *E. coli* 0157:H7 characteristics and risk factors in cattle

herds. The Department will seek, if necessary, legislative changes to mandate animal identification and traceback in order to determine the herds of origin of infected animals arriving at the slaughterhouse.

Further, to be truly proactive, FSIS will be developing pathogen prevention programs to help producers keep their livestock from becoming carriers of dangerous bacteria. The resources of Government agencies and professional associations should be marshalled in this effort.

FSIS must accelerate the development of new methods, especially rugged, reliable tests that can yield results quickly and make them available to in-plant inspectors. Efforts are now underway to apply new advances in molecular biology, bioluminescence, and biosensors that are capable of detecting low numbers of disease-causing bacteria on food products. Even in highly technical areas it will not be business as usual.

In the slaughter plant environment, already underway is a microbiological baseline study that covers steers and heifers -- the chief sources of the steaks and roasts familiar to consumers. The baseline study should be expanded to include cows, poultry, and swine. More must be learned about the health of cows coming to slaughter, including information on the public health significance of stressed or disabled cows compared with that of normal or healthy cows. Questions about the relative prevalence of disease-causing bacteria in these cattle populations must also be answered.

In the area of further processing, FSIS will propose stricter requirements for boneless beef reinspection by establishments and for the conditions under which hamburger patties are processed commercially. The Agency is also moving to publish a final regulation establishing time and temperature minimums for the processing of partially cooked hamburger patties to prevent the recurrence of *E. coli* O157:H7 and other outbreaks in which such products have been implicated. FSIS and FDA will strongly encourage preventive actions across the whole range of processed foods, and will recommend and support industry initiatives to establish certified HACCP programs. In-plant microbiological monitoring would be a key feature of such programs.

Finally, FSIS is taking the initiative in strengthening protection at food service establishments and in the homes of consumers. For example, the Agency will propose to mandate the use of safe-handling and cooking labels on raw meat and poultry products sold at the food service and retail level, and the use of safe-handling and cooking inserts to accompany shipments of meat and poultry products used in such purchase programs as the National School Lunch program.

FSIS is also committed to increased co-operative efforts with FDA, CDC, and other agencies and organizations that share roles as food safety educators and to the dictates of through cost-benefit analyses of all regulatory proposals.

The Pathogen Reduction Program incorporates actions that can be taken immediately at key points along the route from the farm to the table. Other preventive activities, such as those based on epidemiological information from the Centers for Disease Control and Prevention, will be integrated into the program as the need for them is identified.

Some improvements will be difficult. But USDA believes that the people of this country want and deserve an up-to-date inspection system that is focused on protection from foodborne diseases and is the most efficient use of taxpayers dollars. The time is ripe for a comprehensive, cooperative effort engaging the Department of Agriculture, Health and Human Services, Congress, consumers, the scientific community, and the meat and poultry industry.

### Increased Compliance Activities

As we improve our current inspection program, another priority for FSIS in the current fiscal year and the next is to increase compliance activities. As an example, last week we began a special review of beef slaughter plants to identify, for appropriate corrective action, plants that may be failing to consistently produce clean, unadulterated products. We will not tolerate plant operations that present a threat to public health.

Plants identified as presenting public health "problems" will be subject to Progressive Enforcement Action or withdrawal of inspection. Until all problems are corrected, FSIS will take any action necessary to ensure that no adulterated products are being shipped.

## Nutrition Labeling

One of our most important activities in the current fiscal year concerns nutrition labeling. In January of this year, FSIS and FDA issued final rules requiring nutrition labeling on processed foods -- including meat and poultry. Labels for raw, single-ingredient meat and poultry products are voluntary. These new rules for meat and poultry go into effect in July of 1994.

As part of this new regulation, we provided an exemption for products produced by small businesses. A processed, consumer product will be exempt from nutrition labeling if the firm producing it has 500 or fewer employees and produces less than 100,000 pounds of that product a year. The exemption is not available if a nutrition claim is made on the product.

By implementing these rules, we believe that the consumer will be able to compare the nutritional contents of foods with much less confusion than in the past. We also expect the labels will provide food companies with an incentive to improve the nutritional quality of their products.

## Residue Testing

The reduction of residues from antibiotics, pesticides and other chemicals continues to be a priority of FSIS. In recent years, we have had our greatest success in this area through rapid testing for sulfamethazine residues in hogs. Last year, FSIS inspectors tested over 106,000 hog carcasses for sulfamethazine. Of this number, laboratory testing confirmed 222 violations. In August of 1991, FSIS began intensified testing of dairy and beef cows for sulfonamide and antibiotic residues. This program was completed last September and we are currently reviewing the results. In general, violations are lower than they were in 1979.

## Streamlined Inspection System for Cattle

In order to meet the direction of this subcommittee, FSIS withdrew its proposal for the Streamlined Inspection System for cattle (SIS-C) in September 1992. The Agency and the affected plants are in the process of returning all five of the pilot plants to traditional inspection procedures. We have successfully used the Total Quality Management process to allow inspectors to provide their input and comments in each of these plants. We will have all five plants operating as traditional inspection plants by April 1, 1993.

## Public Information and Consumer Education

Public information and consumer education continues to be a high priority for FSIS. The recent outbreak of E. coli 0157:H7 in several Western States has highlighted the need for intensifying these efforts. As a result, consumer services is an integral part of our Track I, Track II and Pathogen Reduction Program, as I've explained earlier in my testimony.

FSIS started its food safety education program in 1973 to teach consumers about the safe handling of meat and poultry. Today, the objective of FSIS's food handling education programs is to positively influence food handler behavior, thereby preventing foodborne illness. The program now focuses on institutional food handlers as well as consumers. The program uses booklets, a quarterly magazine, background papers, fact sheets, feature stories, educational videos, video news releases and radio features, including some bilingual materials, to reach consumers and the food service industry.

Recently, FSIS has joined forces with the FDA and the Centers for Disease Control in order to disseminate accurate and up-to-date information on the prevention of food poisoning.

## **ECONOMIC STIMULUS AND INVESTMENT**

Before closing, Mr. Chairman, I want to discuss the proposals concerning FSIS in President Clinton's Economic Stimulus package. The President's report to Congress, "A Vision of Change for

America," has taken significant steps to deal with the severe problems currently facing the meat and poultry inspection program. The stimulus package includes authorization to begin immediate recruitment of 160 additional inspectors to fill the most critical vacancies in slaughter and processing plants, and provides for expanded research and development efforts to design a more scientific and more effective inspection program for the future.

In addition, the President has proposed that the inspection program charge the industry for the cost of providing inspection for all inspection service provided beyond a single approved shift. The fees collected under this program will be used to defray the cost of providing the service.

Today, I have briefly outlined our plans for the future of FSIS. It is my intent to see that these plans are carried out and achieve the result of a safer science-risk based meat and poultry inspection program.

Mr. Chairman, this concludes my prepared statement. Thank you for the opportunity to testify on the priorities of our Agency. I will be happy to answer any questions that you or other subcommittee members may have.



## News Releases-

Release No. 0188.93  
Alicia L. Ford (202) 720-8998  
Arthur Whitmore (202) 720-4026

### USDA ANNOUNCES MINOR REDUCTION IN BEEF BOARD MEMBERSHIP

WASHINGTON, March 15--The U.S. Department of Agriculture is reducing the number of members on the Cattlemen's Beef Promotion and Research Board. The minor reduction is the result of changes in cattle inventories since the board's reapportionment in 1990.

Linda Massaro, acting administrator of USDA's Agricultural Marketing Service, said the reductions are based on requirements of the 1986 Beef Promotion and Research Order, which is authorized by the Beef Promotion and Research Act of 1985.

Georgia, Missouri, South Dakota and Texas will each lose one board member, while Kentucky will gain one member. In addition, the current mid-Atlantic unit -- Connecticut, Delaware, the District of Columbia, Maryland, New Jersey and Rhode Island -- no longer qualifies for a board member.

As a result, West Virginia will join Maryland and the District of Columbia to form a new mid-Atlantic unit while Connecticut, Delaware, New Jersey and Rhode Island will become a part of the Northeast unit which also includes Maine, Massachusetts, New Hampshire and Vermont.

"The board will have 107 members rather than the current 111 members. Domestic cattle producer representation on the board will decline from 105 to 101, while importer representation will remain at six," Haley said.

The order provides for a board review of representation every two-to-three years. Under the order, a state or unit must have an inventory of 500,000 head of cattle to obtain an initial board member and 1,000,000 head of cattle for each additional board member. The board used an average of USDA's Jan. 1 cattle inventory numbers for 1990, 1991 and 1992 to determine representation by state or unit.

The revised representation will be effective with nominations and appointments in 1993. The change in board membership is based on the board's June 1992 recommendation.

Details of the changes appeared in the March 9 Federal Register. Copies of the final rule and additional information are available from Ralph L. Tapp, Chief, Marketing Programs Branch, Livestock and Seed Division, AMS, USDA, Rm. 2624-S, P.O. Box 96456, Washington, D.C. 20090-6456. Tel. (202) 720-1115.



Release No. 0189.93  
Marlyn Aycock (202) 720-4323  
Arthur Whitmore (202) 720-4026

## 19 SOUTH DAKOTA COUNTIES ELIGIBLE FOR USDA EMERGENCY LOANS

WASHINGTON, March 15--Secretary of Agriculture Mike Espy has named 19 South Dakota counties as eligible for U.S. Department of Agriculture emergency loans due to weather disasters from May 25 through Dec. 31, 1992.

On March 10, 8 counties were named as primary counties. They are Brookings, Clark, Codington, Deuel, Hamlin, Kingsbury, Moody and Spink.

Eleven other counties were named because they are contiguous to one or more of the primary counties. They are Beadle, Brown, Day, Edmunds, Faulk, Grant, Hand, Lake, Miner, Minnehaha and Sanborn.

Farmers in all 19 counties have 8 months to apply for the Farmers Home Administration loans to help cover part of their actual losses. To be eligible, they must have suffered a 30-percent loss of normal production, be able to repay the loan and any other loans, be unable to get credit elsewhere and have adequate security.

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Release No. 0190.93  
Laura Whitaker (202) 690-2796  
Phil Villa-Lobos (202) 720-4026

## USDA SEEKS U.S. COMPANIES FOR AGRIBUSINESS MISSION TO POLAND

WASHINGTON, March 16--The U.S. Department of Agriculture is soliciting representatives of U.S. agribusiness firms to participate in a June 17-24 agribusiness opportunity mission to Poznan and Warsaw, Poland.

The mission is jointly sponsored by USDA's Office of International Cooperation and Development, Extension Service, and Foreign Agricultural Service, and the United Nations Industrial Development Organization.

"Agribusiness is one of the most important sectors of the Polish economy, according to government and international lending institutions," said Acting OICD Administrator John A. Miranda. "Food processing contributes nearly 20 percent of Poland's GDP, employs 400,000 people, and is vital to Poland's expanding trade industry. Through joint ventures, technology transfer, licensing, and other business linkages, American firms would be in a stronger position to gain access to markets for United States agricultural and other products."

While in Poznan, participants will attend the Poznan International Fair, one of Europe's largest industrial exhibitions. In Warsaw, they will be briefed by U.S. and Polish officials on the current state of the Polish food industry, business climate, and joint venture laws. Thirty Polish firms will be available for individual discussions on possible collaboration and U.S. firms will have an opportunity to visit Polish agribusiness sites. Major areas of interest include food processing and distribution, packaging, and plant and animal husbandry and genetics.

A registration fee includes individual project profile preparation, travel in Poland, two luncheons, and interpreting and translation services. Participants are responsible for their travel, lodging, and per diem expenses. U.S. firms interested in participating should call or submit a short letter of intent as soon as possible stating their specific areas of interest along with company information. Submissions should be sent no later than May 20 to Maria Nemeth-Ek, USDA/OICD, Room 3248-S, 14th & Independence Avenue, SW, Washington, D.C. 20250-4300.

For further information, contact Maria Nemeth-Ek by FAX (202) 690-3982, or telephone (202) 690-1983.

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Release No. 0191.93  
 Robert Feist (202) 720-6789  
 Phil Villa-Lobos (202) 720-4026

### **USDA INCREASES 1992-CROP FEED GRAINS FARMER-OWNED RESERVE ENTRY LEVEL**

WASHINGTON, March 15--Secretary of Agriculture Mike Espy today announced that the maximum quantity of 1992-crop corn, grain sorghum and barley allowed in the Farmer-Owned Reserve (FOR) is increased from 600 million to 900 million bushels, the highest quantity allowed by the FOR provisions.

Espy said this action will alleviate concerns of some producers that the 600 million bushel limit would have restricted the quantity they wished to place in the FOR.

Producers must file their intentions to place feed grains in the FOR with their local Agricultural Stabilization and Conservation Service county office by April 30. If producers designate more than 900 million bushels of feed grains for entry into the reserve, the U.S. Department of Agriculture's Commodity Credit Corporation will determine a prorated amount that each producer may enter in the FOR.

Producers may obtain additional information from their local ASCS county offices.



Release No. 0192.93  
 Dianne Odland (301) 436-8617  
 Charles Hobbs (202) 720-4026

### **USDA RELEASES COST OF FOOD AT HOME FOR JANUARY**

WASHINGTON, March 16--Here is the U.S. Department of Agriculture's monthly update of the weekly cost of food at home for January 1993:

#### **COST OF FOOD AT HOME FOR A WEEK IN JANUARY 1993**

	<b>Food plans</b>			
	<b>Thrifty</b>	<b>Low-cost</b>	<b>Moderate-cost</b>	<b>Liberal</b>
	(in dollars)			
<b>Families:</b>				
Family of 2 (20-50 years)	50.20	63.60	78.30	97.60
Family of 2 (51 years and over)	47.50	61.10	75.30	90.10
Family of 4 with preschool children	73.00	91.60	111.80	137.60
Family of 4 with elementary schoolchildren	83.70	107.60	134.30	162.00
<b>Individuals in four-person families:</b>				
<b>Children:</b>				
1-2 years	13.20	16.20	18.90	22.90
3-5 years	14.20	17.60	21.70	26.00
6-8 years	17.40	23.30	29.10	34.00
9-11 years	20.70	26.50	34.00	39.30

**Males:**

12-14 years	21.50	30.00	37.40	43.90
15-19 years	22.30	31.00	38.50	44.60
20-50 years	23.90	30.80	38.30	46.50
51 and over	21.70	29.20	36.00	43.10

**Females:**

12-19 years	21.70	26.00	31.50	38.10
20-50 years	21.70	27.00	32.90	42.20
51 and over	21.50	26.30	32.50	38.80

USDA's Human Nutrition Information Service computes the cost of food at home for four food plans -- thrifty, low-cost, moderate-cost, and liberal.

David Rust, HNIS acting administrator, said the plans consist of foods that provide well-balanced meals and snacks for a week.

In computing the costs, USDA assumes all food is bought at the store and prepared at home. Costs do not include alcoholic beverages, pet food, soap, cigarettes, paper goods and other nonfood items bought at the store.

"USDA costs are only guides to spending," Rust said. "Families may spend more or less, depending on such factors as where they buy their food, how carefully they plan and buy, whether some food is produced at home, what foods the family likes, and how much food is prepared at home."

"Most families will find the moderate-cost or low-cost plan suitable," he said. "The thrifty plan, which USDA uses to set the coupon allotment in the food stamp program, is for families who have tighter budgets. Families with unlimited resources might use the liberal plan."

To use the chart to estimate your family's food costs:

-- For members eating all meals at home -- or carried from home -- use the amounts shown in the chart.

-- For members eating some meals out, deduct 5 percent for each meal eaten away from home from the amount shown for the appropriate family member. Thus, for a person eating lunch out 5 days a week, subtract 25 percent, or one-fourth the cost shown.

-- For guests, add 5 percent of the amount shown for the proper age group for each meal. Costs in the second part of the chart pertain to individuals in four-person families. If your family has more or less than four, total the "individual" figures and make these adjustments (note: larger families tend to buy and use food more economically than smaller ones):

- For a one-person family, add 20 percent.
- For a two-person family, add 10 percent.
- For a three-person family, add 5 percent.
- For a five- or six-person family, subtract 5 percent.
- For a family of seven or more, subtract 10 percent.

Details of the four family food plans are available from the Nutrition Education Division, HNIS, USDA, Federal Building, Hyattsville, Md. 20782.



Release No. 0193.93

Gene Rosera (202) 720-6734  
Charles Hobbs (202) 720-4026**USDA ANNOUNCES PREVAILING WORLD MARKET RICE PRICES**

WASHINGTON, March 16—Acting Under Secretary of Agriculture Charles J. O'Mara today announced the prevailing world market prices of milled rice, loan rate basis, as follows:

--long grain whole kernels, 7.98 cents per pound;  
--medium grain whole kernels, 7.07 cents per pound;  
--short grain whole kernels, 7.04 cents per pound;  
--broken kernels, 3.99 cents per pound.

Based upon these prevailing world market prices for milled rice, loan deficiency payment rates and gains from repaying price support loans at the world market price level are:

--for long grain, \$1.74 per hundredweight;  
--for medium grain, \$1.68 per hundredweight;  
--for short grain, \$1.69 per hundredweight.

The prices announced are effective today at 3 p.m. EST. The next scheduled price announcement will be made March 23 at 3 p.m. EST.



Release No. 0194.93  
Barbara Wallace (202) 720-9149  
Edwin Moffett (202) 720-4026

#### **USDA REPORTS FARMERS' CONSERVATION PLANS ON SCHEDULE**

WASHINGTON, March 16--About 97 percent of producers with conservation compliance plans on highly erodible cropland are carrying out their plans on schedule, the U.S. Department of Agriculture's Soil Conservation Service reported today.

"We project, from our reviews, that conservation plans are being applied on schedule on about 1.5 million tracts of land, covering 137 million acres of the 140 million acres of highly erodible cropland," said Galen Bridge, acting chief of SCS.

The projection is based on nearly 100,000 reviews by SCS in 1992. Conservation compliance plans were not being actively applied on about 2.5 percent of the tracts checked.

"While 97-percent compliance is an excellent record, USDA will continue to come down hard on those producers that do not comply. USDA is serious about enforcing the environmental provisions of the 1990 farm bill," Bridge said.

"Producers still have a tremendous amount of conservation to be applied before the 1994 deadline," Bridge said. "Much of this will be in such structural practices as terraces and waterways or new practices to some producers, such as crop residue management."

The highly-erodible land conservation provision of the 1985 and 1990 farm bills requires producers to carry out conservation compliance plans on their highly erodible cropland by Dec. 31, 1994, if they want to stay eligible for USDA program benefits. Farmers also must meet the year-to-year schedules in their plans.

Bridge said plans will continue to be revised as new technology and production methods are adopted. "Producers should contact SCS if their plans need revision," he said.

Bridge urged producers to get their practices applied as early as possible to avoid shortages of contractors or technical assistance.

"Controlling soil erosion is important not only to farmers but to the public. It reduces sediment in streams, improves water quality, improves wildlife habitat and maintains long-term productivity of the nation's cropland," Bridge said. "This means overall improvement in the nation's environment for all of us."

As of Dec. 31, 1992, farmers had fully implemented conservation compliance plans on 81 million acres, compared with 54 million acres a year ago.

About 5 million more acres were brought under conservation compliance last year by 200,000 farmers who were new USDA farm program participants.

Many had accepted government disaster relief for the first time and developed compliance plans to stay eligible for USDA disaster assistance.

The states with the most acreage of fully applied compliance plans are Kansas, with 10 million acres; Texas, with 8.4 million acres; and Montana, with 7.8 million acres.

The following table summarizes, state by state, acreage with conservation compliance plans completed, acreage with plans fully applied, and the percentage of land for which plans have been fully applied.

#### CONSERVATION COMPLIANCE PLANS COMPLETED AND FULLY APPLIED

	Acres With Conservation Compliance Plans	Acres With Plans Fully Applied	Percentage of Acres With Plans Fully Applied
Alabama	1,568,018	637,889	41
Alaska	25,885	8,337	32
Arizona	16,839	10,978	65
Arkansas	556,087	397,129	71
California	824,487	263,119	32
Colorado	8,889,660	5,101,428	57
Connecticut	19,237	5,458	28
Delaware	9,895	2,522	25
Florida	236,740	167,535	71
Georgia	744,323	614,808	83
Hawaii	114,879	53,549	47
Idaho	3,245,983	1,139,362	35
Illinois	5,032,614	2,468,414	49
Indiana	2,627,166	930,816	35
Iowa	11,589,548	3,629,430	31
Kansas	12,788,120	10,076,748	79
Kentucky	3,277,416	1,804,393	55
Louisiana	236,254	187,501	79
Maine	1,014	124	12
Maryland	366,624	163,891	45
Massachusetts	18,057	9,907	55
Michigan	694,073	424,394	61
Minnesota	2,215,886	1,099,820	50
Mississippi	1,685,786	1,255,426	74
Missouri	6,455,155	4,098,204	63
Montana	14,154,874	7,831,910	55
Nebraska	9,949,465	6,960,014	70
Nevada	199,007	140,756	71
New Hampshire	5,611	2,890	52
New Jersey	78,978	36,838	47
New Mexico	1,798,765	1,231,034	68
New York	1,202,063	504,894	42
North Carolina	1,285,864	631,432	49
North Dakota	7,491,209	5,378,844	72
Ohio	1,416,434	868,499	61
Oklahoma	5,083,514	2,572,167	51
Oregon	1,553,326	1,206,288	78
Pennsylvania	2,474,248	1,105,786	45
Rhode Island	774	534	69
South Carolina	410,080	294,839	72
South Dakota	3,983,429	2,746,139	69
Tennessee	2,934,742	1,679,431	57
Texas	12,664,416	8,405,417	66
Utah	468,985	344,682	73

Vermont	128,941	91,728	71
Virginia	1,670,159	487,196	29
Washington	3,638,288	1,466,345	40
West Virginia	100,291	76,553	76
Wisconsin	3,318,025	1,966,974	59
Wyoming	1,163,876	812,006	70
Puerto Rico	9,270	3,033	33

NATIONAL TOTAL	140,424,380	81,397,411	58
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Release No. 0195.93

Robin Porter (301) 436-6573  
Edwin Moffett (202) 720-4026

#### **USDA PROPOSES TO CHANGE ANIMAL DISEASE STATUS OF FRANCE**

WASHINGTON, March 16--The U.S. Department of Agriculture is proposing to declare France free of rinderpest and foot-and-mouth disease (FMD). The action would allow the French to export milk products and certain ruminant meat products, such as beef and lamb, to the United States.

"France has had no outbreaks of FMD since 1981 and no rinderpest since 1870," said Billy G. Johnson, deputy administrator for veterinary services in USDA's Animal and Plant Health Inspection Service. "We have carefully evaluated France's animal health program with regard to FMD and rinderpest and believe it is appropriate to recognize the country as free of these diseases." Certain restrictions would remain on the importation of French meat products from ruminants because bovine spongiform encephalopathy (BSE), a fatal neurological disease of ruminants, exists in France. In addition, France borders countries considered by USDA to be affected with FMD, and it imports live animals and meat products from FMD countries under less restrictive conditions than the United States.

To minimize any risk to U.S. livestock, the proposal would require certification by French animal health officials that uncooked meat products have been handled in a manner that prevents contact with meat from countries affected by FMD or rinderpest. In addition, certification would have to indicate that imported French meat products could not introduce BSE into the United States.

Swine and swine meat products from France would remain prohibited because of the presence of hog cholera and swine vesicular disease in that country.

Notice of the proposal is secheduled for publication in today's Federal Register. Comments will be accepted if they are received on or before May 17. An original and three copies of written comments referring to docket 92-196-1 should be sent to Chief, Regulatory Analysis and Development, PPD, APHIS, USDA, Room 804 Federal Building, 6505 Belcrest Road, Hyattsville, Md. 20782. Comments may be inspected at USDA, Room 1141-S, 14th St. and Independence Ave., S.W., Washington, D.C., between 8 a.m. and 4:30 p.m., Monday through Friday, except holidays.

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Release No. 0196.93

Sally Klusaritz (202) 720-3448  
Arthur Whitmore (202) 720-4026

#### **NEAR EAST COUNTRIES ELIGIBLE FOR MORE TABLE EGGS UNDER EEP**

WASHINGTON, March 16--Acting Under Secretary of Agriculture Charles J. O'Mara today announced an opportunity for sales of an additional 15 million dozen of U.S. table eggs to six Near East countries under the U.S. Department of Agriculture's Export Enhancement Program.

Sales of table eggs will be made to buyers in the countries of Bahrain, Kuwait, Oman, Qatar, Republic of Yemen and the United Arab Emirates through normal commercial channels at competitive world prices. The export sales will be facilitated through the payment of bonuses by USDA's Commodity Credit Corporation. The subsidy will enable U.S. exporters to compete at commercial prices in these markets.

This allocation will be valid through Dec. 31. Details of the program, including an invitation for offers from exporters, will be issued in the near future.

For more information call Richard J. Chavez, (202) 720-5540, or Larry McElvain, (202) 720-6211.



Release No. 0197.93  
Sally Klusaritz (202) 720-3448  
Dave Warren (202) 720-4026

#### **USDA ANNOUNCES EXPORT ENHANCEMENT PACKAGE FOR WHEAT**

WASHINGTON, March 16--Secretary of Agriculture Mike Espy today announced a 1.465 million metric ton multi-country package of initiatives under the U.S. Department of Agriculture's Export Enhancement Program to boost sales of U.S. wheat.

The package of wheat initiatives to four countries or regions includes the Baltic states as the 147th initiative announced under the EEP. It also adds Sudan, Tanzania and Zimbabwe to the Sub-Saharan Africa regional initiative, formerly listed as the West and Central Africa regional initiative.

The package of initiatives announced today includes:

Country or region	Metric tons
Baltics (3)	100,000
Estonia, Latvia, Lithuania	
Sub-Saharan Africa (29)	1,000,000
Angola, Benin, Botswana, Burkina Faso, Cameroon, Canary Islands (Spain), Congo, Cote d'Ivoire, Gabon, Ghana, Guinea, Lesotho, Liberia, Mali, Malawi, Mauritania, Mozambique, Namibia, Nigeria, Niger, Senegal, Sudan, Sierra Leone, Swaziland, Tanzania, Togo, Zambia, Zaire, Zimbabwe.	
South Africa	165,000
Tunisia	200,000
<b>Total</b>	<b><u>1,465,000</u></b>

Sales of wheat will be made through normal commercial channels at competitive world prices. Sales will be facilitated through the payment of bonuses of USDA's Commodity Credit Corporation.

The allocations will be valid until June 30, as provided in the invitations for offers. Details of the program will be issued in the near future.

For more information call Richard J. Chavez, (202) 720-5540, or Larry McElvain, (202) 720-6211.



Release No. 0198.93  
Ben Hardin (309) 681-6597  
Leslie Parker (202) 720-4026

## POPCORN RESISTANT TO CORN EARWORM SUITS PACIFIC NORTHWEST

WASHINGTON, March 17--Popcorn production may blossom in the Pacific Northwest, thanks in part to a discovery by U.S. Department of Agriculture researchers that several popcorn breeding lines resist the ravages of corn earworms, the worst pest of popcorn in the Pacific Coast states.

The corn silks of some of the resistant popcorns contain a chemical called maysin that deters corn earworm attacks, according to Richard L. Wilson, an entomologist with USDA's Agricultural Research Service. He said ARS chemist Maurice E. Snook pinpointed the presence of maysin in the silks during tests at the agency's Phytochemical Research Unit at Athens, Ga.

Wilson discovered the first corn earworm-resistant popcorn line during routine evaluation of the corn accessions held at the agency's North Central Regional Plant Introduction Station at Ames, Iowa.

"One of the first lines I found that showed resistance to corn earworm happened to be a popcorn line," Wilson said. "That line came from a collection of 35 popcorns bequeathed to us by the late J.C. Eldredge, an Iowa State University popcorn breeder from 1921 to 1960. So I began screening other lines in the Eldredge collection for corn earworm resistance."

Although popcorn in the traditional Midwest growing area is rarely damaged by corn earworms, Wilson reasoned that the screening was justified because a source of resistance among the popcorns might be transferred to valuable varieties of sweet corn that are currently quite susceptible.

At an Entomological Society of America meeting, Wilson told fellow entomologist Gary L. Reed about finding an inbred popcorn with silks that are unusually resistant to corn earworm feeding. Reed, superintendent of the Oregon Agricultural Experiment Station's Agricultural Research and Extension Center at Hermiston, told Wilson that corn earworm is the worst popcorn pest in Oregon.

Wilson subsequently sent Reed the Eldredge collection of popcorns plus several other promising popcorn accessions for field tests in Oregon. At the same time, he sent the resistant popcorn lines to ARS entomologist Billy R. Wiseman at Tifton, Ga., for tests to determine if the lines were still resistant under field conditions in Georgia.

"The resistance was still there in Georgia," Wilson said. "Also, Dr. Wiseman sent the plant material to Dr. Snook, who found the maysin in the silks."

Plant breeders are now using several of the earworm-resistant lines to develop new popcorn varieties suitable for commercial production in Oregon, Idaho and Washington.



Release No. 0201.93  
Jim De Quattro (301) 344-2756  
Leslie Parker (202) 720-4026

## FUNGUS EPIDEMIC SICKENS WHITEFLIES, MAKING SCIENTISTS HOPEFUL

WASHINGTON, March 18--A natural outbreak of a fuzzy white fungus is smothering sweetpotato whiteflies in Texas broccoli fields, said a U.S. Department of Agriculture scientist.

"This fungus could be a promising new way to control whiteflies," said entomologist Raymond I. Carruthers, with USDA's Agricultural Research Service in Weslaco, Texas. In the past year, swarms of sweetpotato whiteflies in Texas, California and Arizona have ruined over \$200 million worth of vegetable, cotton and fruit crops.

The fungus is not reported to have any affect on people, domesticated animals or wild life. Carruthers said further tests will be run to see if it affects other insect species.

Carruthers plans to cooperate with Mycotech Corp., a biocontrol company in Butte, Mont., to test the fungus' potential as a natural, non-chemical method for killing whiteflies.

"We already knew this fungal species, called *Paecilomyces farinosus*, could kill whiteflies," said Carruthers. "Now, this past fall, we've seen the fungus occurring naturally in epidemic proportions in farmers' fields in Texas."

Once the fungus contacts a whitefly, it penetrates and produces spores inside the pest, said Steve Wraight, an entomologist with Mycotech Corp. These spores spread infection throughout the pest's body, eventually overwhelming it, he said.

The fungus kills both adult and immature whiteflies, known as nymphs, within four to five days, said Wraight, who is collaborating with Carruthers.

Carruthers said that in the field, the fungus works together with natural enemies such as small parasitic wasps that attack and kill whiteflies. "In one field, almost every whitefly that wasn't killed by the pathogen was killed by the wasps," he said. Another Weslaco scientist Walker Jones is conducting separate studies of the wasps.

At the Biological Pest Control Research Unit at Weslaco, Carruthers and colleagues are now pitting the fungus against whiteflies in controlled lab experiments. They're hoping to pin down the best conditions for the fungus to grow and the amount needed to kill whiteflies.

Other fungi are being tested at Weslaco and elsewhere against whiteflies by ARS and university researchers. But the *P. farinosus* from Texas seems especially promising, Carruthers said, because it's adapted for the outdoor environment of southern Texas, instead of the more tropical environment of a greenhouse, where similar fungi have been effective. Also, *P. farinosus* can be grown easily in the laboratory.

Carruthers said scientists first discovered the fungus in the winter of 1991 on vegetable leaves on commercial fields in Texas and California. "In the outbreak areas, there were hundreds of dead whiteflies scattered all over the plants' leaves," said Carruthers. Each whitefly victim looked like a tiny white glob.

Since then, the fungus has attacked whiteflies in cabbage, cantaloupe and cotton in Texas' Lower Rio Grande Valley and California's Imperial Valley. Both areas have been hard hit by whiteflies.

If the fungus can be easily mass produced, Carruthers said, scientists will test it in large-scale field trials. A commercial product using the fungus would have to meet state and federal safety approvals before it could be made available to growers. The entire process might take several years, Carruthers said.



Release No. 0202.93  
Carol Whitman (703) 235-9018  
Edwin Moffett (202) 720-9065

## USDA TARGETS PRINCIPAL PESTICIDE

WASHINGTON, March 18--The U.S. Department of Agriculture today announced a research agenda for replacing a key pesticide, methyl bromide, by the end of the decade.

In an agreement worked out Feb. 16 with USDA, the Environmental Protection Agency will list methyl bromide as a class I ozone depleting substance in accordance with the requirements of the Clean Air Act, but will permit its use in the United States until the year 2000.

USDA will be focusing research on alternatives to methyl bromide as identified in the research agenda. "The effort will involve private industry, the states and federal government in very close collaboration," said Gary Evans, special assistant for global change issues at USDA.

Methyl bromide is used for soil fumigation and to protect harvested crops in storage and to treat many agricultural commodities in quarantine before shipping to U.S. trading partners. It is currently the only available and registered pesticide, because it is more effective than any other single agent against a broad spectrum of pests and is relatively easy to apply.

"It's going to be a challenge to find the large number of replacement chemicals or nonchemical substitutes for the broad range of methyl bromide uses," Evans said. "We've developed a research agenda to give key policymakers the best scientific assessment of current technology and estimates for research needs from now until the turn of the century."

Copies of "Methyl Bromide Substitutes and Alternatives: A Research Agenda for the 1990s" are available from USDA, Global Change Program Office, 1621 N. Kent St., Room 60LL, Arlington, Va. 22209; telephone (703) 235-9018; Fax (703) 235-9046.



Release No. 0204.93  
Minnie Tom H. Meyer (202) 720-6734  
Leslie Parker (202) 720-4026

#### USDA ANNOUNCES PREVAILING WORLD MARKET PRICE AND USER MARKETING CERTIFICATE PAYMENT RATE FOR UPLAND COTTON

WASHINGTON, March 18--Tom VonGarlem, acting executive vice president of USDA's Commodity Credit Corporation, today announced the prevailing world market price, adjusted to U.S. quality and location (adjusted world price), for Strict Low Middling (SLM) 1-1/16 inch (micronaire 3.5-3.6 and 4.3-4.9, strength 24-25 grams per tex) upland cotton (base quality) and the coarse count adjustment (CCA) in effect from 5:00 p.m. today through 3:59 p.m. Thursday, Mar. 25. The user marketing certificate payment rate announced today is in effect from 12:01 a.m. Friday, Mar. 19, through midnight Thursday, Mar. 25.

The Agricultural Act of 1949, as amended, provides that the AWP may be further adjusted if: (a) the AWP is less than 115 percent of the current crop year loan rate for base quality upland cotton, and (b) the Friday through Thursday average price quotation for the lowest-priced U.S. growth as quoted for Middling (M) 1-3/32 inch cotton, C.I.F. northern Europe (USNE price) exceeds the Northern Europe (NE) price. The maximum allowable adjustment is the difference between the USNE price and the NE price.

A further adjustment to this week's calculated AWP may be made in accordance with this provision. The calculated AWP is 92 percent of the 1992 upland cotton base quality loan rate, and the USNE price exceeds the NE price by 3.50 cents per pound. Following are the relevant calculations:

I.	Calculated AWP .....	48.22 cents per pound
	1992 Base Loan Rate .....	52.35 cents per pound
	AWP as a Percent of Loan Rate .....	92
II.	USNE Price .....	65.40 cents per pound
	NE Price .....	<u>-61.90</u> cents per pound
	Maximum Adjustment Allowed .....	3.50 cents per pound

Based on a consideration of the U.S. share of world exports, the current level of cotton export sales and cotton export shipments, and other relevant data, no further adjustment to this week's calculated AWP will be made.

This week's AWP and coarse count adjustment are determined as follows:

Adjusted World Price	
NE Price .....	61.90
Adjustments:	
Average U.S. spot market location .....	11.82
SLM 1-1/16 inch cotton .....	1.55
Average U.S. location .....	0.31

Sum of Adjustments .....	- 13.68
Calculated AWP .....	48.22
Further AWP adjustment .....	- 0
<b>ADJUSTED WORLD PRICE .....</b>	<b>48.22 cents/lb.</b>

<b>Coarse Count Adjustment</b>	
NE Price .....	61.90
NE Coarse Count Price .....	- 57.57
	4.33
Adjustment to SLM 1-1/32 inch cotton .....	- 3.95
<b>COARSE COUNT ADJUSTMENT.....</b>	<b>0.38 cents/lb.</b>

Because the AWP is below the 1991 and 1992 base quality loan rates of 50.77 and 52.35 cents per pound, respectively, the loan repayment rate during this period is equal to the AWP, adjusted for the specific quality and location plus applicable interest and storage charges. The AWP will continue to be used to determine the value of upland cotton that is obtained in exchange for commodity certificates.

Because the AWP is below the 1992-crop loan rate, cash loan deficiency payments will be paid to eligible producers who agree to forgo obtaining a price support loan with respect to the 1992 crop. The payment rate is equal to the difference between the loan rate and the AWP. Producers are allowed to obtain a loan deficiency payment on a bale-by-bale basis.

The USNE price has exceeded the NE price by more than 1.25 cents per pound for four consecutive weeks and the AWP has not exceeded 130 percent of the 1992 crop year base quality loan rate in any week of the 4-week period. As a result, the user marketing certificate payment rate is 2.25 cents per pound. This rate is applicable for bales opened by domestic users and for cotton contracts entered into by exporters for delivery prior to September 30, 1993. Relevant data used in determining the user marketing certificate payment rate are summarized below:

Week	For the		User			
	Friday through		USNE Price	NE Price	Minus NE cents per pound	Certificate Payment Rate 1/
	Thursday	Period Ending				
1	Feb. 25, 1993	65.85	61.80	4.05	2.80	
2	Mar. 4, 1993	65.30	61.62	3.68	2.43	
3	Mar. 11, 1993	65.25	61.71	3.54	2.29	
4	Mar. 18, 1993	65.40	61.90	3.50	2.25	

1/ USNE price minus NE price minus 1.25 cents.

Next week's AWP, CCA and user marketing certificate payment rate will be announced on Thursday, March 25.



Release No. 0205.93  
 Joe O'Neill (202) 720-4323  
 Diane O'Connor (202) 720-4026

#### **USDA GUARANTEES \$6.9 MILLION LOAN FOR FARMLAND PROTECTION IN VERMONT**

WASHINGTON, March 19--The U.S. Department of Agriculture will guarantee a \$6,875,000 loan in 1993 to help keep Vermont farmland from being converted to other purposes, and pay part of the interest on the loan.

Secretary of Agriculture Mike Espy said the loan to Vermont's Housing and Conservation Board will provide further financing for the Farms for the Future demonstration program to preserve

